

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 613 - HB 980

April 14, 2015

SUMMARY OF ORIGINAL BILL: Requires the Board of Medical Examiners (BME), in consultation with the Board of Osteopathic Examination (BOE), to create an online registry for medical spas. Requires any medical director or supervising physician who is responsible for or supervises a medical spa must provide the boards with certain information. Requires the boards to post a notice of the requirements provided in this legislation on the website of each board. Requires the boards to utilize existing resources and personnel in the implementation of the provisions of this legislation.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$31,300/One-time/Board of Medical Examiners and
Board of Osteopathic Examination
\$62,400/Recurring/Board of Medical Examiners and Board
of Osteopathic Examination

Other Fiscal Impact – The bill requires the Boards of Medical Examiners and Osteopathic Examiners to utilize existing resources and personnel to implement the online registry; however, that provision does not nullify the fact that requiring the creation of a new online registry will require expenditures not currently contemplated. It does, however, require the Boards to absorb these costs using current fee revenue to meet the requirements of the bill. The Board of Medical Examiners had an annual deficit of \$75,431 in FY13-14 and a cumulative reserve balance of \$2,365,965 on June 30, 2014. The Board of Osteopathic Examination had an annual surplus of \$94,728 in FY13-14 and a cumulative reserve balance of \$541,628 on June 30, 2014.

SUMMARY OF AMENDMENT (006170): Removes language requiring the Board of Medical Examiners and the Board of Osteopathic Examination to utilize existing resources and personnel in implementation of the provisions of the original bill. Authorizes the Board of Medical Examiners, in consultation with the Board of Osteopathic Examination, to promulgate rules to for the purpose of setting an annual fee to be levied on medical spas that are listed on the online registry. Specifies that the registry shall include the office or practice of any physician that provides cosmetic medical services. Deletes the current effective date of July 1, 2015 and substitutes January 1, 2016. Specifies that the medical director or supervising physician for a medical spa in existence prior to this effective date must submit the required information by January 1, 2016.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Revenue - \$62,500/FY15-16/Board of Medical Examiners and
Board of Osteopathic Examination
\$62,400/FY16-17 and Subsequent Years/Board of Medical
Examiners and Board of Osteopathic
Examination**

**Increase State Expenditures - \$62,500/FY15-16/Board of Medical Examiners and
Board of Osteopathic Examination
\$62,400/FY16-17 and Subsequent Years/Board of
Medical Examiners and Board of
Osteopathic Examination**

Assumptions for the bill as amended:

- According to the Department of Health, Division of Health Related Boards, the Board of Medical Examiners can create and maintain a registry of medical spas and post any required information upon its website.
- The Board will utilize two existing vendors, VERSA and NIC to build this registry. VERSA has provided the Board with a one-time cost estimate of \$12,000 to add a new registry to the VERSA regulation system. This website will need to interface with the state's web portal vendor, NIC. NIC has provided the Board with a one-time cost estimate of \$15,000 for a total one-time cost of \$27,000.
- The Board will need to hire one Registered Board Administrative Assistant-2 position, resulting in a recurring increase in expenditures of \$62,400 (Salary \$38,800 + Benefits \$17,500 + Office Space Lease \$4,100 + Phone/LAN/WAN \$1,400 + Supplies \$600) and one-time costs of \$4,300 (Computer \$1,600 + Office Furniture \$2,700).
- Total recurring costs are \$62,400.
- Total one-time costs are \$31,300 (\$27,000 + \$4,300).
- The Board will levy a fee to collect sufficient revenue to offset the cost of maintaining the registry.
- Since the effective date is January 1, 2016, it is assumed that the one-time expenditures and one-half of the recurring expenditures will be incurred in FY15-16; therefore, the total increase in expenditures and revenue in FY15-16 will be \$62,500 [\$31,300 one-time + (\$62,400 recurring x 0.50)].
- The total increase in expenditures and revenue in FY16-17 and subsequent years will be \$62,400.
- The Board of Medical Examiners had an annual surplus of \$288,380 in FY12-13, an annual deficit of \$75,431 in FY13-14, and a cumulative reserve balance of \$2,365,965 on June 30, 2014.
- The Board of Osteopathic Examination had annual surpluses of \$101,696 in FY12-13, an annual surplus of \$94,728 in FY13-14, and a cumulative reserve balance of \$541,628 on June 30, 2014.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

/jdb